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UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF CALIFORNIA
FRESNO DIVISION

In re

TULARE LOCAL HEALTHCARE
DISTRICT, dba TULARE COUNTY
REGIONAL MEDICAL CENTER,

Debtor.

Case No.: 17-13797-B-9

Chapter 9

DC No.: WW-41

Date: August 2, 2018
Time: 9:30 AM
Dept: B
CtRm: 13
U.S. Bankruptcy Court
2500 Tulare St., 5th Floor
Fresno, California

The Honorable René Lastreto II

**OBJECTION TO MOTION FOR AUTHORITY TO ENTER INTO
TRANSACTION INCLUDING BORROWING FUNDS, SALES OF
PERSONAL PROPERTY AND PROVIDING SECURITY,
ASSUMPTION AND ASSIGNMENT OF CONTRACTS AND LEASES AND FOR
AUTHORITY TO LEASE REAL PROPERTY PURSUANT
TO 11 U.S.C §§ 105, 362, 364, 365, 901 AND 922 BY HEISKELL RANCHES L.P.**

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Lessor, HEISKELL RANCHES L.P. (“HRLP”), hereby submits its *Objection* to debtor TULARE LOCAL HEALTHCARE DISTRICT, dba TULARE COUNTY REGIONAL MEDICAL CENTER’s (“Debtor”) *Motion for Authority to Enter Into Transaction Including Borrowing Funds, Sales of Personal Property and Providing Security, Assumption and Assignment of Contracts and Leases and for Authority to Lease Real Property Pursuant to 11 U.S.C §§ 105, 362, 364, 365, 901 and 922* (“Motion”), with respect to certain real property leases from HRLP to Debtor of the real properties commonly known as 880 E. Merritt, Suites 105 & 106, and 107, 108 & 109, located in Tulare County, California (hereinafter collectively referred to as the “Merritt Suites” or the “Property”). The following allegations support these grounds:

1. On September 30, 2017, Debtor filed its Chapter 9 Voluntary Petition (“Petition”). Req. Jud. Ntc. at docket no. 1.

2. On July 20, 2018, Debtor filed a *Notice to Contract and Lease Parties of Designation of Contracts and Leases to Be Assumed and Assigned* (“Notice”) pursuant to its Motion. Req. Jud. Ntc., at doc. no. 608.

2. In Exhibit A, number 122, to the *Declaration of Teresa Jacques* in support of Debtor’s Motion, Debtor lists HRLP’s Property leases as leases to be assumed and assigned after cure of the lease defaults. Req. Jud. Ntc., at doc. no. 607, at exh. A, p. 3 at line no. 122. Debtor represents the cure amount as “\$0.00.” Id.

3. Prior to the Petition Date, HRLP and Debtor entered into two (2) separate written leases of the Merritt Suites. S. Hillman dec., at ¶ 5. The first lease covered Suites 105 & 106, and had been extended from March 1, 2017 through February 28, 2019 (“Lease 1”). Id. at exh. A. From March 1, 2018 through the end of the lease term for Lease 1, the monthly rent was \$3,084.93. Id.

4. The second lease covered Suites 107, 108 & 109, and had been extended from March 1, 2017 through February 28, 2019 (“Lease 2”). Id. at exh. B. From March 1, 2018 through the end of the lease term for Lease 2, the monthly rent was \$4,924.03. Id.

1 5. After the Petition date, Debtor breached Lease 1 by failing to make its
2 monthly rent payment of \$3,084.93 for April, May, June and July 2018, totaling \$12,339.72,
3 as well as monthly late charges of \$140.00, for a total outstanding amount of \$12,479.72 due
4 under Lease 1 as of July 31, 2018. Id. at ¶ 7.

5 6. In addition, Debtor also breached Lease 2 by failing to make its
6 monthly rent payment of \$4,924.03 for April, May, June and July 2018, totaling \$19,696.12,
7 as well as monthly late charges of \$140.00, for a total outstanding amount of \$19,836.12 due
8 under Lease 2 as of July 31, 2018. Id. at ¶ 8.

9 7. On August 1, 2018, another payment of \$3,084.93, representing the
10 rent for August 2018, will become due under Lease 1, including an additional \$35.00 late
11 charge, which will be added to the rent on or about August 16, 2018, for a total of \$3,119.93.
12 Thus, as of August 16, 2018, the total “cure” amount for Lease 1 will be \$15,564.65. Id. at ¶
13 9.

14 8. On August 1, 2018, another payment of \$4,924.03, representing the
15 rent for August 2018, will become due under Lease 2, including an additional \$35.00 late
16 charge, which will be added to the rent on or August 16, 201, for a total of \$4,959.03. Thus,
17 as of August 1, 2018, the total “cure” amount for Lease 2 will be \$24,760.15. Id. at ¶ 10.

18 9. HRLP objects to Debtor’s Motion and the assumption and assignment
19 of its Leases unless and until Debtor cures the defaults under Leases 1 and 2, as required by
20 11 U.S.C. § 365(b)(1)(A), by payment of \$15,564.65 for rent under Lease 1, and \$24,760.15,
21 for rent under Lease 2, as of August 1, 2018, and for such other amounts that may accrue
22 thereunder prior to the date Debtor cures the defaulted amounts as stated above.

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/ s / Don J. Pool

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